

How does Chilean freight crime affect insurers?

27 July 2023  Tim Johnson

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TT club, BSI SCREEN recently published a report, citing a sharp increase in freight crime in Chile. **Insurance risks: ESG supply chain violations in Western countries** Following the lifting of pandemic-induced measures such as quarantining and movement restrictions, freight crimes have increased by 27%. This was seen in the theft of millions worth of copper from a Chilean port in January.

Subsequently, insurance claims increased by some 450% in 2022, alongside an 820% increase claims value. Over half of cargo crime incidents involved hijacking, with electronics and food products being frequent targets.

Considerations for insurers

The published report includes a list of recommended measures that could benefit businesses in reducing theft. This includes verification procedures and ID checking. Insurers may wish to update their underwriting processes to ascertain whether such steps are being taken and / or incorporate such steps as conditions in their policy wordings.

As the report makes specific findings as to the mode of theft and targeting of specific goods, insurers may also want to amend their underwriting criteria and wordings to ensure appropriate protection is afforded and that risks are appropriately rated.

Mike Yarwood, TT's managing director of loss prevention has highlighted the potential for freight crime to become a global issue affecting insurers and policyholders all over the world. Mr Yarwood stated

"Inflation, increases in the cost of living, and social unrest have motivated individuals to turn to crime. "These circumstances, which also encourage a large black market, particularly in foodstuffs, instil heightened criminality in the population,"

As such, this issue may not be limited to Chilean imports!

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